

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-329-C**

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In Re:

Application of Time Warner Cable  
Information Services (South Carolina) LLC,  
d/b/a Time Warner Cable to Amend its  
Certificate of Public Convenience and  
Necessity to Provide Telephone Services in the  
Service Area of Rock Hill Telephone Co. and  
For Alternative Regulation

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**TESTIMONY OF**

**FRANK KNAPP, JR.**

**ON BEHALF OF**

**TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA), LLC**

1 Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS FOR THE  
2 RECORD.

3 A. My name is Frank Knapp, Jr. and I am the President and Chief Executive Officer of the  
4 South Carolina Small Business Chamber of Commerce (“Small Business Chamber of  
5 Commerce”). My business address is 1717 Gervais Street, Columbia, South Carolina. My  
6 telephone number is (803) 252-5733 and my email address is [sbchamber@scsbc.org](mailto:sbchamber@scsbc.org).

7 Q. PLEASE DESCRIBE THE SOUTH CAROLINA SMALL BUSINESS CHAMBER OF  
8 COMMERCE.

9 A. The South Carolina Small Business Chamber of Commerce is a statewide advocacy  
10 organization representing the interests of small businesses at all levels of government  
11 including regulatory agencies. We are a membership organization consisting of  
12 approximately 5000 small businesses that come from both individual memberships and trade  
13 association memberships.

14 Q. PLEASE GIVE A BRIEF DESCRIPTION OF YOUR PROFESSIONAL EXPERIENCE.

15 A. I co-founded the South Carolina Small Business Chamber of Commerce in 2000. I served as  
16 executive director for several years and then as President and CEO. The Small Business  
17 Chamber is a statewide advocacy organization working to make state and local government  
18 more small business friendly. We represent the general interests of small businesses  
19 primarily in state government. In my position I have been responsible for the organization’s  
20 efforts to intervene in the Public Service Commission of South Carolina’s (“Commission”)  
21 hearings on matters that impact small businesses.

22 Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS CASE?

23 A. I am testifying on behalf of the Time Warner Cable Information Services (South Carolina),  
24 LLC (“TWCIS”).

1 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

2 A. It is part of our organization's mission statement to act as a watchdog over our state  
3 regulatory agencies to stand up for the small business community. The purpose of my  
4 testimony is to represent the interests of small businesses.

5 Q. WHAT IS YOUR POSITION IN REGARD TO TWCIS' APPLICATION?

6 We support the application of TWCIS because we feel that both rural and urban small  
7 businesses should be allowed to benefit from telephone company competition.

8 Q. WHAT IS THE INTEREST OF SMALL BUSINESSES?

9 A. Small businesses, defined as businesses with 100 or fewer employees, represent  
10 approximately 96% of all businesses in South Carolina. Small businesses are the real engine  
11 behind job creation and innovation in South Carolina. The Small Business Chamber is  
12 recognized as the primary organization fighting on behalf of small businesses on all matters  
13 regarding utility rates and regulated industries.

14 Q. PLEASE DESCRIBE THE SMALL BUSINESS CHAMBERS' EFFORTS IN REGARD TO  
15 TELEPHONE ISSUES AT THE COMMISSION.

16 A. I testified before the Commission during its July 17, 2000, hearing in the state universal  
17 service fund docket, *In re: Proceeding to Establish Guidelines for an Intrastate Universal*  
18 *Service Fund*, Docket No. 1997-239-C. The Small Business Chamber was concerned that the  
19 plan would do great economic harm to small businesses by increasing costs without allowing  
20 small businesses to financially benefit from increased telephone competition. This is one of  
21 the reasons we support this application. If the state has a universal service fund to protect the  
22 rural telephone company, then we feel competition should be allowed in the rural areas so  
23 we can choose who we want to provide our telephone service.

24 Q. WHAT OTHER UTILITY ISSUES HAS THE SMALL BUSINESS CHAMBER  
25 ADDRESSED AT THE COMMISSION?

26 A. We have participated in numerous dockets over the last eight years in which South Carolina

1 Electric & Gas Co. requested rate increases. This year I have testified in the Net Metering  
2 docket and in Duke Energy Carolinas' proposed Energy Efficiency Plan docket.

3 Q. HAS THE CHAMBER BEEN INVOLVED IN ANY OTHER EFFORTS IN REGARD TO  
4 TELEPHONE ISSUES?

5 A. Yes. We have been active at the General Assembly in regard to telephone legislation. In  
6 2004, we participated in legislative hearings when alternative regulation legislation  
7 supported by BellSouth and other local telephone companies was pending. At that time these  
8 telephone companies argued that increased competition for rural service made Commission  
9 approval of basic line rate increases unnecessary. We opposed the local telephone company's  
10 efforts to increase their basic line rates to the statewide average without having to justify the  
11 rate increase to the Commission. During the 2004 legislative session we also supported a  
12 formal review of the universal service fund to determine if it was still needed. We continue  
13 to pursue legislation to reduce the state universal service fund.

14 Q. HAS ROCK HILL TELEPHONE CO. TAKEN ADVANTAGE OF THE ALTERNATIVE  
15 REGULATION LEGISLATION?

16 A. Yes. Rock Hill Telephone Co., dba Comporium Communications, ("Rock Hill") voluntarily  
17 elected to be alternatively regulated on July 1, 2005. At that time Rock Hill's flat-rated local  
18 rates for residential and single-line business customers were priced below the statewide  
19 average local rates. As I understand it, alternative regulation means that Rock Hill cannot  
20 raise its single-line business rates for a period of two years once these rates reach the  
21 statewide average. After that time the single-line business rates can be increased on an  
22 annual basis based on an inflation index. In this age of computers, fax machines and  
23 electronic credit card transactions, most small businesses use multiple telephone lines; and  
24 therefore, would not fall within the single-line business rate category. Rock Hill can charge  
25 whatever price they want for the rest of their services subject to a complaint process for  
26 abuse of market position. Like everyone else, small businesses are looking for ways to

1 decrease their costs. We believe competition increases our choices and increases the  
2 probability that our costs will decrease.

3 Q. WHY DOES THE SMALL BUSINESS CHAMBER WANT INCREASED TELEPHONE  
4 COMPETITION?

5 A. We believe that competition gives small businesses more choices and acts as a check on  
6 prices. When more than one provider is competing to offer services, market forces generally  
7 drive prices down. We believe competition increases the probability that our costs will  
8 decrease. Now if we do not like the price charged by our cellular provider or the service  
9 package or the way the customer service representative handles a complaint, we can choose  
10 to leave that cellular company and select a new cellular company from a number of different  
11 alternatives. We want that same ability to choose our local telephone provider.

12 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

13 A. Yes it does.